



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

AUDITS

IN THE MATTER OF THE DEPARTMENT OF)	ORDER APPROVING
COMMUNITY AFFAIRS STATE FISCAL YEAR 2008)	DCA FISCAL YEAR 2008
UNIVERSAL SERVICE FUND ADMINISTRATIVE)	USF ADMINISTRATIVE
EXPENSES)	EXPENSES
)	
)	DOCKET NO. EO07060368

(SERVICE LIST ATTACHED)

BY THE BOARD:

BACKGROUND/PROCEDURAL HISTORY

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (EDECA or the Act) established the Universal Service Fund (USF). The Act directed the New Jersey Board of Public Utilities (Board), inter alia, to determine for the USF the level of funding, the appropriate administration, and the purposes and programs to be funded. N.J.S.A. 48:3-60(b).

On April 30, 2003, in Docket No. EX00020091, the Board approved a permanent USF program to ensure that low-income customers have access to affordable energy. The Board ordered that the program be operated on a state-wide basis and funded through uniform charges on customers' electric and natural gas bills through the Societal Benefits Charge collected pursuant to N.J.S.A. 48:3-60(a). The Board also determined in that Order that initial administrative expenses would be capped at ten percent (10 %) of the program costs.

In its order dated July 16, 2003, in Docket Number EX00020091, the Board clarified that this cap would total \$3 million, and any administrative costs (excluding one-time start-up costs) exceeding this amount must be approved in advance by the Board. The Board also stated that the USF would be an ongoing, evolving program, subject to review and amended as necessary. In this same Order, the Board designated the Department of Human Services (DHS) as the USF program administrator.

The USF program was intentionally linked to the federal Low Income Home Energy Assistance Program (LIHEAP) in order to take advantage of the existing infrastructure already in place to administer LIHEAP. Through a shared application, and eventually a shared database system that was funded via USF, repetition of administrative resources was reduced, and applicants were conveniently able to apply for both programs simultaneously. LIHEAP was administered by DHS who subcontracted with the Department of Community Affairs (DCA) when the permanent USF program was authorized by the Board.

As per the Board's Memorandum of Understanding with DCA, DCA shall submit to the Board on a quarterly basis a billing for actual USF administrative and outreach program costs incurred. Payment of said costs will be considered by the Board upon receipt of the billings.

On July 12, 2007, the Board approved the State Fiscal Year 2008 (FY 2008) DCA USF administrative cost budget in the amount of \$4,458,281.

DISCUSSION

On August 28, 2008, DCA submitted a detailed final USF administrative report, which listed expenditures of \$3,929,055.92, with a remaining balance of \$529,225.08 from the original budget authorization of \$4,458,281, which was not ultimately needed or spent. The FY 2008 budget is broken down as follows:

DCA	\$1,167,992.92
Subgrantees-	
County Welfare Organizations	\$284,000.00
Community Based Organizations	<u>\$2,477,063.00</u>
Total	\$3,929,055.92

After receiving the information from DCA, Staff had several questions and obtained clarifying information and documentation from DCA staff.

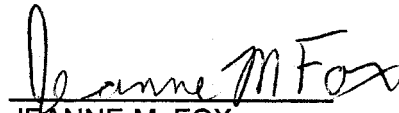
Now that all relevant information has been received, Staff has reviewed the DCA's administrative expense reports and has found that the costs listed therein appear appropriate and necessary for the administration of the USF program by the DCA. Therefore, Staff recommends that the Board find that DCA's administrative expenses for FY2008 appear reasonable.

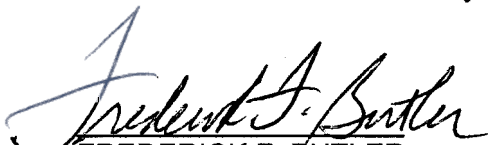
FINDINGS AND ORDER

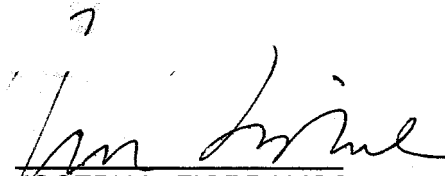
Accordingly, the Board HEREBY FINDS the Department of Community Affairs has adequately justified its fiscal year 2008 USF administrative cost budget expenditures in the amount of \$3,929,055.92 and this amount appears reasonable, subject to audit. The DCA fiscal year 2008 USF administrative cost budget summary is attached hereto as schedule A.

DATED: 2/11/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

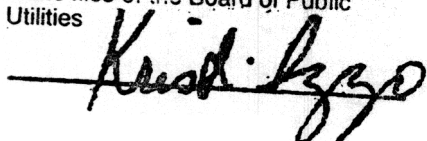

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



**STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
DCA USF BUDGET- EXPENSE SUMMARY**

July 1, 2007 through June 30, 2008 Final Report

Address: Department of Community Affairs

101 S. Broad Street

Trenton NJ, 08625 PO BOX

Phone: 609-633.6286

Chief Executive Officer: Richard Osworth

Prepared By: Richard Osworth

BUDGET CATEGORIES
Department of Community Affairs Costs
A. PERSONNEL AND FRINGE
B. CONSULTANTS AND PROFESSIONAL FEES
C. MATERIALS AND SUPPLIES
D. OTHER*
E. EQUIPMENT

¹ USF	² Budget	Balance
\$592,726.65	\$867,551.00	\$274,824.35
\$353,511.60	\$453,750.00	\$100,238.40
\$3,214.24	\$1,500.00	\$ (1,714.24)
\$75,738.60	\$231,510.00	\$ 155,771.40
\$142,801.83	\$142,907.00	\$ 105.17

F. SUBGRANTEES

COUNTY WELFARE AGENCIES (CWAs)
COMMUNITY BASED ORGANIZATIONS (CBOs)**
Subgrantees SUB TOTAL COST

\$284,000.00	\$284,000.00	\$0.00
\$2,477,063.00	\$2,477,063.00	\$0.00
\$2,761,063.00	\$2,761,063.00	\$0.00

TOTAL COST (DCA & Subgrantees)
Cost Adjustment
Open Encumbrances
TOTAL COST

\$3,929,055.92	\$4,458,281.00	\$529,225.08
\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00
\$3,929,055.92	\$4,458,281.00	\$529,225.08

* Budget adjustment Other reduced by \$45,000, the statewide conference training event has been reallocated to Subgrantees

**Subgrantees increased by \$45,000 as a result of the reallocation of training dollars